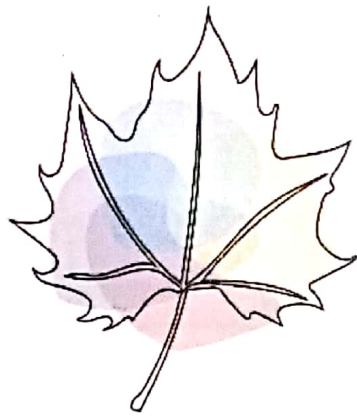


NAINPUR NAGAR PARISHAD
AUDIT REPORT FOR THE FINANCIAL YEAR 2021-22



PATIDAR AND ASSOCIATES
CHARTERED ACCOUNTANTS



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INDEPENDENT AUDITOR'S REPORT

To the Stakeholders of NAINPUR NAGAR PARISHAD

1. Report on the Financial Statements

We have audited the accompanying financial statements of NAINPUR NAGAR PARISHAD ("the ULB"), which comprise the Receipt & Payment Account for the year then ended, and other explanatory information.

2. Management's Responsibility for the Financial Statements

The ULB's Management is responsible for the matters with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the ULB in accordance with the provisions of Municipal Corporation Act, 1956 and accounting principles generally accepted in India, including the Municipal Accounting Manual ("the Manual") and Accounting Standards applicable to the Urban Local Bodies. This responsibility also includes maintenance of adequate accounting records in accordance with the Municipal Accounting Manual for safeguarding of the assets of the ULB and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. However, in this case ULB is not in practice of maintaining balance sheet & Income and expenditure account, so receipt and payment account shall be considered as final statement on which we express our opinion.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the Municipal Accounting Manual, the accounting and auditing standards and matters which are required to be included in the audit report as per the letter issued by Directorate, Urban Administration & Development, M.P., Bhopal in this regard. The Commissioner/CMO has not directed us to perform audit of any other section in his office in addition to the above scope.



[Signature]
Chief Municipal Officer
Municipal Council
Nainpur, Distt. Mandla (M.P.)



We conducted our audit in accordance with the Standards on Auditing issued by Institute of Chartered Accountants of India. Those Standards requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the ULB's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the ULB's officers, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

4. Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the report attached below, the Receipt & Payment Account annexed to this report give true and fair view of financial transactions affected by ULB and recorded these transactions in cash book for the financial year ending as on 31st March, 2022.

5. Basis for Qualified Opinion


The details which form the basis of qualified opinion are reported in the Annexure 1 and Annexure 2 annexed to this report.

6. Emphasis of Matters

We draw attention to the following matters reported in Annexure - 2, annexed to this report.

- Accounts prepared as per the Manual in lieu of accounting standards for local bodies as issued by Institute of Chartered Accountants of India.
- Revenue department's records related to recovery of revenue taxes and other revenue dues has minor differences with accounting records maintained by accounting department.




Chief Municipal Officer
Municipal Council
Nainpur, Dist. Mandla, M.P.



- c) Non-maintenance or incomplete registers as prescribed under manual and mentioned at point 3 of annexure 2.
Our opinion is not modified in respect of these matters.

7. We further report that:

- a) We have sought and, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion proper books of account as required by Municipal Accounting Manual have been kept by the ULB so far as appears from our examination of those books.
- c) The Receipt & Payment Account deal with by this Report are in agreement with the books of account.
- d) Except for the matter described in the Basis for Qualified Opinion paragraph above, the Receipt & Payment Account comply with the Municipal Accounting Manual and Accounting Standards applicable to the Urban Local Bodies.
- e) The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the ULB.
- f) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- g) With respect to the adequacy of the internal financial controls over financial reporting of the ULB and the operating effectiveness of such controls, refer to our separate Report in 'Annexure 1'.

Date: 24/09/2022
UDIN: 22418806BDVAAB8573

For Patidar & Associates
Chartered Accountants



CA Neelesh Patidar
(Partner)
MRN - 418806

Chief Municipal Officer
Municipal Council
Nainpur, Distt. Mandla M.P.



Annexure '1'

Report on Internal Financial Controls over Financial Reporting

1. Report on the Internal Financial Controls of the ULB ("the ULB")

We have audited the internal financial controls over financial reporting of NAINPUR NAGAR PARISHAD ("the ULB") as of March 31, 2022 in conjunction with our audit of the financial statements of the ULB for the year ended on that date.

2. Management's Responsibility for Internal Financial Controls

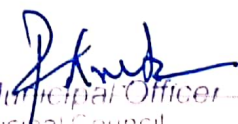
The ULB's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the ULB. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to ULB's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required in accordance with the Municipal Corporation Act, 1956 including the Municipal Accounting Manual and accounting principles generally accepted in India applicable to the Urban Local Bodies.

3. Auditors' Responsibility

Our responsibility is to express an opinion on the ULB's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting,




Chief Municipal Officer
Municipal Council
Nainpur, Distt. Mandla M.P.



assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the ULB's internal financial controls system over financial reporting.

4. Meaning of Internal Financial Controls Over financial Reporting.


A ULB's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A ULB's internal financial control over financial reporting includes those policies and procedures that

- a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the ULB;
- b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the ULB are being made only in accordance with authorizations of management and officers of the ULB; and
- c) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the ULB's assets that could have a material effect on the financial statements.

5. Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.




Chief Municipal Officer
Municipal Council
Nainpur, Dist. Mandla, M.P.



6. Qualified opinion


According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2022:

- a) The ULB did not have an appropriate internal financial control system over financial reporting since the internal controls adopted by the ULB did not adequately consider risk assessment, which is one of the essential components of internal control, with regard to the potential for fraud when performing risk assessment
- b) The ULB did not have an appropriate internal control system for tax and user charges collection, tax demand evaluation, which could potentially result in the ULB recognizing revenue without establishing reasonable certainty of ultimate collection.
- c) The ULB did not have an appropriate internal control system for inventory with regard to receipts, issue for production and physical verification. Further, the internal control system for identification and allocation of overheads to inventory was also not adequate. These could potentially result in material misstatements in the ULB's trade payables, consumption, inventory and expense account balances.
- d) The ULB did not have an appropriate internal control system for fixed asset with regard to purchase, construction, transfer and physical verification. Further, the internal control system for identification and allocation of overheads to fixed asset was also not adequate. These could potentially result in material misstatements in the ULB's grants, payable to contractors, tax and other statutory dues, fixed assets, capital work in process and accumulated depreciation account balances.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the ULB's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, because of the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the ULB has not maintained adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were not operating effectively as of March 31, 2022 based on the criteria established by the ULB.




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We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2022 financial statements of the ULB, and these material weaknesses do not affect our opinion on the financial statements of the ULB.

Date: 24/09/2022

For Patidar & Associates
Chartered Accountants



CA Neelesh Patidar
Partner
MRN - 418806

Chief Municipal Officer
Municipal Council
Nainpur, Dist. Mandla, M.P.



Annexure '2'

The Annexure referred to in paragraph 5 & 6 of Our Report:

1. Audit of Revenue

- 1) The auditor is responsible for audit of revenue from various sources.

We have verified the revenue from various sources which was recognized and entered in the books of account produced before us for verification except the receipts in special scheme cashbook.

- 2) He is also responsible to check the revenue receipts from the counter files of receipt book and verify that the money receipt is duly deposited in respective bank account. The counter foils or revenue receipts were made available to us for verification. It was informed to us that the revenue/tax collector/officer directly deposits the amount collected with main cashier at the cash counter, who in turn deposit this amount directly to the bank account. A register is being maintained by revenue/tax collector/officer from which collected amount move into cashier cash book. A detailed statement containing outstanding demand and tax collected during the year was provided to us by the concerned department duly certified by the concerned officer.

- 3) Percentage of revenue collection increase or decrease in various heads in property tax, samekitkar, shikshaupkar, nagriyavikasupkar, and other tax compared to previous year shall be part of report.
Details are given in Annexure C attached to this report.

- 4) Delay beyond 2 working days shall be immediately brought to the notice of commissioner/CMO.

No such instances were noticed during the test check of entries conducted by us except the circumstances like public holidays, government or local holidays etc.

- 5) The entries in Cash book shall be verified.

We have verified the entries in cash book on test check basis and no major discrepancy was noticed by us. However due to quantum of transactions and inherent limitation of audit we cannot provide our absolute assurance on the entries of the cash book. It is generally recommended that entries of the cash book should be duly supported by necessary documentary evidences and authorizations.



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- 6) The auditor shall specifically mention in the report the revenue recovery against the quarterly and monthly targets any lapses in revenue recovery shall be a part of the report.

No details with respect to quarterly & monthly targets set for the FY 2021-22 & the revenue recovery against such targets were made available to us. Hence, it was not possible for us to report the revenue recovery against the quarterly and monthly targets.

During our verification of revenue registers we observed outstanding from past several years, below mentioned are few cases.

In case of Water Tax-

Water tax register is not maintained properly as it does not contain important details such as, since when dues are pending, interest charged on pending dues, legal action initiated against such pending dues. List of few pendency's of taxes from long time has been listed below:

Ward No.	Consumer Name	Old	Current	Total
1	Suresh kumar	3,800.00	720.00	4,520.00
1	Adhyaksh Anjuman committee	12,445.00	2,400.00	14,845.00
2	Sonbhadra singor	6,830.00	720.00	7,550.00
3	Shyama sharma	6,440.00	720.00	7,160.00

In case of property tax

Property tax register is not maintained properly as it does not contain important details such as interest charged on pending dues, legal action initiated against such pending dues. List of few pendency's of taxes from long time has been listed below:

Ward No.	Consumer Name	Sampati Kar		Samekit Kar		Education Cess		Urban Development Cess	
		Outstanding	Current	Outstanding	Current	Outstanding	Current	Outstanding	Current
4	Gopal prasad	218.00	232.00	150.00	150.00	145.00	155.00	73.00	77.00
4	Govardhan	1,864.00	546.00	600.00	150.00	756.00	271.00	596.00	154.00
4	Revaram	316.00	-	150.00	150.00	211.00	-	107.00	-
4	Kersingh	340.00	205.00	1,275.00	150.00	226.00	137.00	114.00	68.00



[Signature]
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Municipal Council
Nainpur, Distt. Mandla M.P.



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In case of Shop Rent

In case of shop rent registers also few relevant details were missing, such as, Interest charged and pending legal actions long time pendency's. List of few long time pending cases were listed below:

S.no.	Name	Old	Current	Total(Rs.)
1	Hiraram	3,941.00	3,340.00	7,281.00
2	Hukumchand	16,210.00	3,339.00	19,549.00
3	Sunita	12,963.00	3,340.00	16,303.00
4	Fahim khan	25,068.00	6,900.00	31,968.00

- 7) The auditor shall verify the interest income from FDR's and verify that interest is duly and timely accounted for in cash book.
We have verified the interest income from FDR's and noticed that interest income is not recognised in books of accounts on accrual basis. The same is recorded at the time of FDR maturity.
- 8) The case where, the investments are made on lesser interest rates shall be brought to the notice of the Commissioner/CMO.
All FDR's have been verified as provided to us & were in the possession of ULB. Detail of the same is provided in sub point 3 of point 4.

2. Audit of Expenditure:

- 1) The auditor is responsible for audit of expenditure under all the schemes.
We have verified the expenditure under various heads which was recognized and entered in the books of account produced before us for verification except the payments made out of scheme cashbook except for the amounts records under the head Vividh in the receipt & payment statement for which ULB has not provided explanation regarding the same.
- 2) He is also responsible for checking the entries in cash book and verifying them relevant vouchers.
We have verified the entries in cash book on test check basis which were supported by relevant vouchers/note sheets. However, considering the bulk quantum of entries and the weak internal control procedures, the discrepancies in the entries of cash book cannot be ruled out.

ULB have not provided challans or returns for payment of TDS-IT, TDS on GST to the Government. However ULB has explained that same had been duly deposited



[Signature]
Chief Manager, Officer
Municipal Council
Nainpur, Dist. Mandla M.P.



on or before the due date. Non-compliance of tax provision attract statutory penalty.

- 3) He should also check monthly balance of the cash book and guide the accountant to rectify errors, if any.

No issue of any difference in test check totalling amount was noticed in course of our verification.

- 4) He shall verify that the expenditure for a particular scheme is limited to the funds allocated for that particular scheme any over payment shall be brought to the notice of the Commissioner / CMO.

Details relating to deviation of expenditure, if any, of particular scheme is specified at sub point 4 of point 6.

- 5) He shall also verify that the expenditure is accordance with the guideline, directives, acts and rules issue by Government of India/ State Government.

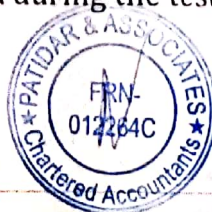
As explained to us, ULB follows the necessary guidelines, directives, acts and rules issued by Government of India and State Government. However, ULB didn't provided such directives with written confirmation and hence it was not possible for us to verify the expenditures in accordance with such guidelines etc.


- 6) During the audit financial propriety shall also be checked. All the expenditure shall be supported by financial and administrative sanctions accorded by competent authority and shall be limited to the administrative and financial limits of the sanctioning authority.

We have verified the expenditure on test check basis and it was found that such expenditure were duly supported by financial and administrative sanctions accorded by competent authority. ULB follows the hierarchy of sanctions and approvals depending upon the nature of the transactions and financial limits.

- 7) All the cases where appropriate sanctions have not been obtained shall be reported and the compliance of audit observation shall be ensured during the audit. Non-compliance of audit paras shall be brought to the notice of Commissioner / CMO.

No such instances were noticed during the test check of such entries conducted by us.




Chief Municipal Officer
Municipal Council,
Nampur, Distt. Mandla (M.P.)



- 8) The auditor shall be responsible for verification of scheme wise/ project wise Utilization Certificate (UC's). UC's shall be tallied with the Receipt & Payment Account and creation of Fixed Asset.
Utilization certificates of various schemes for verification of scheme wise project/ wise were provided to us by the ULB. We have noted are observation relating to them at point 6(1) of this report.

We are unable to verify the details of capitalization of expenditure since there is neither any proof available nor completion of work from respective department. There is no cross check mechanism exist to ensure the completion of project except payment of final bill. It is suggested that a proper internal control system should be framed to identify the fixed asset and its recognition in fixed asset register and books of account of the ULB.

- 9) He shall verify that all temporary advances of other than employees have been fully recovered.
As per ULB, there were no temporary advance during the year. Hence we cannot comment on the same.

3. Audit of Book Keeping

- 1) The auditor is responsible for audit of the books of accounts as well as stores.
As per the information and explanation provided to us by the management of the ULB and on perusal of books of accounts, it was noticed by us that the ULB has not maintained Fixed Asset Registers, Register of Earnest Money Deposits, Register of Retention Money, Register of Settlement of Contractor / Supplier Bills as prescribed under MP MAM.
- 2) He shall verify that all the books of accounts and stores are maintained as per Accounting Rules applicable to the Urban local Bodies. Any discrepancies shall be brought to the notices of Commissioner / CMO.
Books related to stores were prepared by the ULB. The movement of material were duly recorded in such registers. However the closing value of the material were not quantified at the year end.



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Municipal Council
Nainpur, Distt. Mandla M.P.



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- 3) The auditor shall verify advance register and see that all the advance to employees are timely recovered according to the condition of advance. All the case of non-recovery shall be specifically mentioned in audit report.

As per the information and explanation provided to us by the management of the ULB, there are no advances during the year. Hence, it is not possible for us to verify the cases of timely recovery of advances, if any.

- 4) Bank reconciliation statement (BRS) shall be verified from the records of ULB and the bank concerned. If bank reconciliation Statement are not prepared the auditor will help in the preparation of BRS's

Bank Reconciliation for bank account pertaining to main cashbook was not provided to us by the ULB. Also the ULB has not provided necessary documents to prepare the same. The closing balance as per cashbook and bank statement as made available to us are as follows:

S.No	Bank Name	Bank A/c No.	Closing Balance as per Cash book as on 31/03/2022	Closing Balance as per Pass book as on 31/03/2022	Difference	Remark
1	Indian Bank (Adhosanrach na Scheme)	2944	1,87,03,821.00	1,87,03,821.00	-	NA
2	CBI (SBM)	6467	1,95,36,165.00	1,95,96,546.95	(60,381.95)	Payment made as per cashbook but reflected in bank account on 04/04/2022
3	BOI (Peyjal Scheme)	0216	2,81,98,751.45	2,81,98,751.45	-	NA
4	CBI	7500	3,54,86,379.00	2,97,61,138.59	57,25,240.41	Main cashbook does not contain bank wise closing balance.
5	SBI	40791				
6	CBI	5922				
7	CBI	5630				



[Signature]
Chief Municipal Officer
Municipal Council
Nainpur, Distt. Mandla M.P.



- 5) He shall be responsible for verifying the entries in the Grant register. The receipts and payment of grants shall be duly verified from the entries in cash book. Grant registers were made available to us. The receipt & payments out of grants were verified on test check basis and the differences were found. A summarised statement of grants along with the differences has been provided in the point 6(1) of this report.
- 6) The auditor shall verify the fixed assets register from other records and discrepancies shall be brought to the notices of Commissioner / CMO. Fixed asset registers were not provided to us for verification. Therefore we are not able to verify the same and comment upon whether it is complete and correctly balanced.
- 7) The auditor shall reconcile the account of receipt and payment especially for project funds. ULB does maintain separate cash books for different schemes and projects. The transactions relating to such separate cashbook were compiled in the main receipt and payment statement under the relevant headings.

4. Audit of FDR

- 1) The auditor is responsible for audit of all fixed deposits and term deposits. We have verified fixed deposits maintained by the ULB and provided to us for verification, the detail regarding the same is tabled below:-

S.NO.	BANK NAME	FDR NO.	CURRENT VALUE	ROI	REMARK
1	CBI	034198	20,43,084.00	5.00%	Auto renewal
2	CBI	168697	41,98,792.00	4.90%	Auto renewal
3	CBI	0345	1,04,99,078.00	5.50%	Auto renewal
4	SBI	2712	57,03,705.00	3.90%	Auto renewal

- 2) It shall be ensured that proper record of FDR's are maintained and renewals are timely done. Proper records of FDRs are maintained. As explained by the ULB, the FDR's are kept on auto renewal basis.
- 3) The case where FDR'S / TDR are kept at low rate of interest than the prevailing rate shall be immediately brought to the notice of Commissioner/ CMO.



[Signature]
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As per ULB, Investments are made by the ULB at competitive rate. However we were not provided with any documents which substantiates ULB's effort to look for alternative investment options.

- 4) Interest earned on FDR/TDR Shall be verified from entries in the cash book. Interests on FDRs' are booked on receipt basis, as on the maturity and realization of invested amount is recorded in the cash book.

5. Audit of Tenders / Bids

- 1) The auditor is responsible for audit of all tenders / bids invited by the ULB. Tender related documents were provided to us on test check basis. On verification of produced documents we can conclude that procedure of tendering was followed by the ULB.

Bid were invited online where the tender amount exceeding Rs. One Lakh and for value less than one lakh, manual bids were asked.

- 2) He shall check whether competitive tendering procedures are followed for all bids. Tender related documents were provided to us on sampling basis, and except few minor irregularities we found them complete and appropriate. Competitive tendering procedures were followed for all bids.

- 3) He shall verify the receipts of tender fee / bid processing fee / performance guarantee both during the construction and maintenance period. Tender related documents were provided on test check basis, and we have verified the receipts of tender fee / bid processing fee / performance guarantee etc. No major irregularities were found during our verification in the produced documents.

- 4) The bank guarantees, if received in lieu of bid processing fee / performance guarantee shall be verified from the issuing banks. No such bank guarantees were produced before us for verification.

- 5) The conditions of BG shall also be verified; any BG with any such condition which is against the interests of the ULB shall be verified and brought to the notice of Commissioner /CMO.



[Signature]
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No such bank guarantees were produced before us for verification. Therefore, it is not possible for us to comment on the conditions of BG.

- 6) The cases of extension of BG shall be brought to the notice of Commissioner / CMO. Proper guidance to extend the BC's shall also be given to ULB
No such bank guarantees were produced before us for verification. Therefore, it is not possible for us to comment on the conditions/extensions of BG.
- 7) The contract closure shall also be verified by the auditor.
No contract closure documents were made available to us for verification.

6. Audit of Grants and Loans

- 1) The auditor is responsible for audit of grants given by Central Government and its utilization.
Verification had been conducted for the grants received from the Central/state government. Details of grant receipt and utilised as per grant register are as follows:

S.No.	Grants	Opening Balance	Received	Utilized	Closing Balance
1	Mulbhoot suvidha	-	53,10,000.00	53,06,714.00	3,286.00
2	Sadak marammat	-	36,11,000.00	26,76,477.00	9,34,523.00
3	State finance commission**	-	38,68,657.00	38,68,657.00	-
4	15th finance	79,82,390.00	1,22,01,000.00	1,62,45,803.00	39,37,587.00
5	Chhungikshatipurti**	10,47,684.00	3,86,71,841.00	3,86,71,841.00	10,47,684.00
6	Yatrikar**	-	6,02,000.00	6,02,000.00	-
7	Mudrank shulk**	-	11,42,840.00	11,42,840.00	-
	Total	90,30,074.00	6,54,07,338.00	6,85,14,332.00	59,23,080.00

**Some of the expenses were made out of the Nikaye nidhi also.

However, we have noticed difference in grant amount as per grant register and as per accounting records as follows:

Grant head	As per Grant register	As per Khatoni income	Difference
State finance	38,68,657.00	32,43,000.00	6,25,657.00
Sadak Marammat	36,11,000.00	42,92,922.00	-6,81,922.00
15th Finance	1,22,01,000.00	1,01,20,000.00	20,81,000.00
Stamp duty	11,42,840.00	9,20,078.00	2,22,762.00
		2,38,86,000.00	22,47,497.00



[Signature]
Chief Municipal Officer
Municipal Council
Nainpur, Dist. Mandla, M.P.



PATIDAR & ASSOCIATES
CHARTERED ACCOUNTANTS

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As per UC's			
S.No.	Grants	Received	Utilized
1	Mulbhoot suvidha	53,10,000.00	53,10,000.00
2	Sadak marammat	36,11,000.00	26,76,477.00
3	State finance commission	38,68,657.00	38,68,657.00
4	15th finance	1,22,01,000.00	1,22,01,000.00
5	Chhungikshatipurti	33,86,71,841.00	33,86,71,841.00
6	Yatrikar	6,02,000.00	6,02,000.00
7	Mudrank shulk	11,42,940.00	11,42,940.00

2) He is responsible for audit of grants received from State Government and its utilization.

Verification had been conducted for the total grants received from the State/Central government. Details for the same are provided in table above.

3) He shall perform audit of loans provided for physical infrastructure and its utilization. During his audit the auditor shall specifically comment on the revenue mechanism i.e. whether the asset created out of the loan has generated the desired revenue or not. He shall also comment on the possible reasons for non-generation of revenue.

As per information provided by the ULB and according to our verification, ULB has accorded loan from financial institution. However, there was no document or information provided to verify whether the asset created out of the loan has generated the desired revenue or not. We cannot comment on the possible reasons for non-generation of revenue.

Financial Institution	Bank of India
Object of Loan	CM Peyjal Yojna
Loan start date	07/08/2021
Amount of loan	5,00,00,000.00
Closing balance as on 31/03/2022	2,81,98,751.45
Remark	Portion of principle and interest due during the was paid

4) The auditor shall specifically point out any diversion of funds from capital receipts/ grants/ bans to revenue expenditure.

As per the information made available to us, and as per our verification, instances of diversion of funds from one grant account to another have not been noticed. However, due to inherent limitation of internal controls over financial reporting possibilities of fund diversion cannot be ruled out completely.



Chief Municipal Officer
Municipal Council
Nainpur, Dist. Mandla, M.P.



Other Audit Observations

1. Non recovery of taxes

Urban Local Bodies (ULB) earns revenue from their own resources through taxes, rent, fees, issue of licenses etc. In test check of Nagar Parishad Nainpur as of 31 March 2022 a sum of Rs 48.878 Lakhs (as shown in Table Below) plus Interest & Penalties were outstanding against the taxpayers, although the ULBs had powers under section 165 of Madhya Pradesh Municipalities Act, 1961 to approach a Magistrate to seek orders for recovery by distress and sale of any movable property of attachment and sale of immovable property belonging to defaulters, however they had not invoked these power to recover the outstanding taxes. Failure to invoke its powers resulted in non-recovery of outstanding taxes and resource crunch, leading to hindrance in development works.

Non Recovery of dues

(Amount in Lakhs)

Sl. N o.	Type of Tax	Due amount recoverable on 01/04/2021	Received From Previous Dues	Un-Recovered Due for More than a Year	Current Due	Current Received	Total Recovery	Un-Recovered due of Current Year	Total un-recovered amount
1	Sampatti Kar	9.196	4.022	5.174	9.555	10.061	14.083	-0.505	4.669
2	Samekit Kar	10.889	3.103	7.786	6.110	2.364	5.467	3.746	11.532
3	Nagar Vikas Upkar	3.767	1.661	2.106	3.053	2.420	4.080	0.633	2.739
4	Siksha Upkar	5.045	1.963	3.082	5.251	3.819	5.782	1.433	4.514
5	Shop Rent	5.417	3.121	2.296	8.684	4.338	7.460	4.346	6.642
6	Water Tax	16.048	9.118	6.930	24.239	12.386	21.504	11.853	18.783
	Total	50.362	22.988	27.374	56.89	35.388	58.376	21.505	48.878
	Total Un-Recovered amount								48.878

Date: 24/09/2022

For Patidar & Associates
Chartered Accountants



CA Neelesh Patidar
Partner
MRN - 418806



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Reporting on Audit Paras for Financial Year 2021-22

Name of ULB: NAINPUR NAGAR PARISHAD
Name of Auditor: **Patidar & Associates, Chartered Accountants**

S. no.	Parameters	Description	Observation in brief	Suggestions
2	Audit of Expenditure:	Verification of Expenditures are as per guidelines, directives, and rules under all schemes and entries of expenditures in cash book, Diversion of Funds, financial propriety of expenditures, scheme project wise utilisation certificate.	Observations were listed in brief in point no. 2 of annexure 2 of audit report attached	NA.
3	Audit of Book keeping	Verification of books of accounts and stores are maintained as per accounting rules, advance register and check timely recovery, Bank reconciliation statement, grant register, fixed asset register	Observations were listed in brief in point no. 3 of annexure 2 of audit report attached	Required books of accounts as prescribed under MP MAM Should be maintained.
4	Audit of FDR/TDR	Verify fixed deposits and term deposits and their maintenance	Observations were listed in brief in point no. 4 of annexure 2 of audit report attached	Details relating to renewal should be maintained by the ULB.
5	Audit of Tenders and Bids	Verify Tenders/Bids invited by ULB and competitive tendering procedures followed	Observations were listed in brief in point no. 5 of annexure 2 of audit report attached	Procedure for Tenders opening and Performance review should be carefully monitored.



[Signature]
Chief Municipal Officer
Municipal Council
Nainpur Dist. Mandla (M.P.)

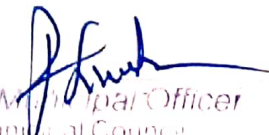


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6	Audit of Grants & Loans	Verification of Grant received from Government and its utilisation	Observations were listed in brief in point no. 6 of annexure 2 of audit report attached	Grant register should be updated and balanced regularly with its Utilization Certificate.
7	Verify whether any diversion of funds from capital receipt /grants /Loans to revenue expenditure and from one scheme /project to another.		Observations related to diversion of funds has been pointed out in point no. 6 (iv) of annexure 2 of report attached	
8	a) Percentage of revenue expenditure (Establishment, salary, Operation & Maintenance) with respect to revenue receipts (Tax & Non Tax).	$\frac{6,29,06,455}{96,40,681} = 652.51\%$		
	b) Percentage of Capital expenditure wrt Total expenditure.	$\frac{4,52,49,915}{10,81,56,370} = 41.84\%$		
9	Whether all the temporary advances have been fully		As per ULB, there were no temporary advances during the year.	NA.




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	recovered or not.			
10	Whether bank reconciliation statements is being regularly prepared		BRS not prepared by the ULB.	ULB should prepare BRS periodically to reconcile the balance between cashbook and Bank statement.



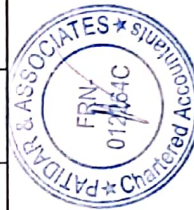
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Chief Municipal Officer
Municipal Council
Nainpur, Dist. Mandla M.P.

Name of ULB
Nagar Parishad Nainpur
Name of Auditor
Patidar & Associates

Annexure C
Amt in lakhs

S.no.	Parameters	Description	% of growth	Observation in brief		Suggestions
	Audit of Revenue	Receipt in (Rs.)				
	Rajaswa Kar wasooli	2020-21 2021-22				
1	Sampatti Kar	10.34 14.08	36.19	Collection % w.r.t. total dues is 75.10% which is Good	Need to improve collection efforts of previous years dues.	ULB should impose strict penalties and legal actions to improve past Due collections.
2	Samekit Kar	7.95 5.47	-31.23	Collection % w.r.t. total dues is 32.16% which is Below Average	Need to improve collection efforts of previous years dues.	ULB should impose strict penalties and legal actions to improve past Due collections.
3	Nagar Vikas Upkar	3.06 4.08	33.35	Collection % w.r.t. total dues is 59.83% which is Average	Need to improve collection efforts of previous years dues.	ULB should impose strict penalties and legal actions to improve past Due collections.
4	Siksha Upkar	5.83 5.78	-0.83	Collection % w.r.t. total dues is 56.15% which is Average	Need to improve collection efforts of previous years dues.	ULB should impose strict penalties and legal actions to improve past Due collections.
	Total	27.18 29.41				
	Gair-Rajaswa wasooli					
5	Shop Rent	7.46 6.92	-7.24	Collection % w.r.t. total dues is 52.90% which is Average	Need to improve collection efforts of previous years dues.	ULB should impose strict penalties and legal actions to improve past Due collections.
6	Water Tax	21.50 16.15	-24.90	Collection % w.r.t. total dues is 53.38% which is Average	Need to improve collection efforts of previous years dues.	ULB should impose strict penalties and legal actions to improve past Due collections.
	Total	28.96 23.07				
	Grand Total	56.14 52.48				

** PY figures of wasooli were taken from previous year audit report



Phub
Chief Executive Officer
Municipal Council
Nainpur, Madhya Pradesh

**Revised abstract sheet for reporting on audit paras
2021-22**

Income & Expenditure Information

S.no.	Division	District	ULB name	ULB type
1	2	3	4	5
1	Jabalpur	Mandla	Nainpur	Municipality

Revenue receipts						
Property Tax	Other tax revenue	Fees & user charges	Revenue from municipal property	Assigned revenue	Revenue grants, Contribution & Subsidies	Other Income
6	7	8	9	10	11	12
13,68,823.00	15,60,468.00	17,81,602.00	32,34,040.00	4,00,57,945.00	-	92,53,187.00

Capital receipts			Total Receipts
Capital receipts	Central Finance Commission receipts	State Finance Commission receipts	Other Grants
13	14	15	16
-	1,01,20,000.00	32,43,000.00	6,17,02,778.00
			17
			13,23,21,843.00

-	1,01,120,000.00	8,29,759.00	Revenue Expenditure					Total Expenditure
Establishment Expenditure	Administrative Expenditure	Operation & Maintenance	Interest & Finance Charges	Other Expenses	Loan repayment (Principle)	Other Capital Expenditure	Total Expenditure	
18	19	20	21	22	23	24	25	
1,99,57,277.00	3,45,66,466.00	83,82,712.00	-	1,23,76,833.00	32,24,294.00	4,16,73,394.00	12,01,80,976.00	



Chief Municipal Officer
Municipal Council Auditor
Nainpur, Distt. Mandla, R.R.N.P.
MRN:

Patidar & Associates
012264C
418806

Nagar Parishad Nainpur
Receipt & Payment statement
For the F.Y. 2021-22

Receipts		Amount	Payment		Amount
Opening balance			Salary Wages and Allowances		
Main Cashbook		4,33,63,203.00	Samany Prashasan & sangran prabhar	1,40,22,391.00	
CM Adhosanrachna		2,38,04,402.00	Agni	23,72,122.00	
CM Peyjal yojna		11,73,828.00	Prakash	6,23,230.00	
Swacch Bharat Mission		2,14,42,803.00	Jal prday	27,13,690.00	
Revenue			Other	73,85,323.00	2,71,16,756.00
Samekit kar	Previous	3,22,129.00	EPF		74,49,710.00
	Current	2,41,966.00			
Sampatti kar	Previous	3,35,556.00			
	Current	10,33,267.00	Establishment Expenditure		
Nagriye Vikas upkar	Previous	1,67,582.00	Agni	9,06,676.00	
	Current	2,43,747.00	Jal prday	13,21,927.00	
Shiksha	Previous	1,94,678.00	Other	41,29,750.00	63,58,353.00
	Current	3,90,036.00	Electricity Bill		73,79,428.00
Prakash kar		330.00	Samagri		45,54,398.00
			Advertisement		11,63,490.00
Rentals & fees			Legal Expenses		2,25,900.00
Warranty fees		2,50,997.00	Telephone Expenses		87,508.00
Bhumi kiraya	Shasan se				
	Bhumi se	2,05,294.00	Stationery		1,88,200.00
		31,760.00			
Kanji house		7,177.00	Operation & Maintenance		
Asthai kiraya		3,80,630.00	Marammat :-		
Vehicle Rent		57,075.00	Jal prday	7,94,995.00	
Bajar bethki		14,07,297.00	Other	14,54,940.00	22,49,935.00
Prathmik Dainik		10,06,272.00	Kanji house marammat		66,560.00
Bajar & pashu vadh	Bajar	1,28,344.00	Fuel Expenses		32,09,695.00
	Animals fees	10,191.00	Owns program		3,84,090.00
Avedan shulk		17,045.00	Hire charges		5,90,310.00
Other fees		1,34,698.00			
Bhawan anugya		59,844.00	Construction & Capital Expenditure		
Scrap Fee		4,250.00	New Works		13,03,602.00
Tender Form		70,900.00	Public toilet		1,78,806.00
Nal Connection fees		3,38,860.00	Nirman karya		1,10,41,439.00
Janbhagidari-Shulk		37,500.00	Vehicle Purchase		12,98,906.00
Vikas shulk-Awedh Colony		7,74,422.00			
Meter kiraya		91,711.00			
Rashan card fees		1,375.00	Other Payments		
			Vividh		1,10,27,402.00
Other Receipts			Sanchit nidhi		7,95,086.00
Duty in lieu of penalty		1,14,950.00	Bank charges		1,07,095.00
Interest		20,49,486.00	Amanat Rashi		4,47,250.00
Dukan nilami/premium		6,75,621.00			
Meter		19,12,910.00	CM Adhosanrachna		
Pani tanker		98,405.00	CC road Nirman		53,43,423.00
Nal Connection shifting fees		1,820.00	Labour tax		1,61,444.00
varshik bhada		5,410.00	IT		1,00,791.00
Sale of leather		210.00	GST		89,992.00
Amanat rashi		2,64,835.00			
Sulabh Shochalay		17,070.00	CM Peyjal yojna		
Other(samayojan)		22,06,047.00	Loan repayment		32,24,294.00
Others		36,250.00	Engineering & Construction		1,91,70,740.00
Vividh		1,74,425.00	IT		9,12,817.00
			GST		1,13,230.00
Grants			Labour tax		56,614.00
State finance		32,43,000.00	Bank Charges		36.00
14/15th Finance		1,01,20,000.00			
Sadak marammat		43,67,947.00	Swacch Bharat Mission		
Swachta ki rashi		6,54,625.00	Stadium Nirman		33,36,478.00



[Signature]
Chief Municipal Officer
Municipal Council
Nainpur, Distt: Mandla, M.P.

Chhatipurti Anudan :-			IT		1,51,587.00
1.Chungi		3,86,71,841.00	Bank Charges		174.00
2.Yatri kar	Previous	1,94,026.00	Tent samagri		72,350.00
	Current	2,72,000.00	Videography and Photography		8,000.00
3.Stamp duty		9,20,078.00	LED rent		30,000.00
Mulbhut		53,10,000.00	T - shirt and pent purchase		19,875.00
CM peyjal yojna		91,206.00	Tiffin		19,200.00
			Refreshment		11,350.00
CM Adhosanrachna			Trophy		2,750.00
Interest income		5,95,068.00	Phool mala		2,250.00
CM Peyjal yojna			Flex		38,032.00
Interest Income		5,02,652.00	Other payments		91,630.00
Receipt-Grants		5,00,00,000.00			
Swacch Bharat Mission					
Grant		12,79,000.00	Closing Balance		
Interest Income		5,98,028.00	Main Cashbook		3,54,86,379.00
			CM Adhosanrachna		1,87,03,820.00
			CM Peyjal yojna		2,81,98,749.00
			Swacch Bharat Mission		1,95,36,155.00
TOTAL		22,21,06,079.00	TOTAL		22,21,06,079.00

Nagar Parishad Nainpur
Chief Municipal Officer

Nagar Parishad Nainpur
Accounts Officer



[Signature]
Chief Municipal Officer
Municipal Council
Nainpur, Distt. Mandla M.P.